

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – SEPTEMBER 22, 2004**

**PRESENT:** Commissioners John Byrne and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Thomas Chagnon, Assistant Director of Information Technology. Guests: Al Picconi, United Beverages, Inc.

**EXCUSED:** Chairman Anthony Maiola; John Bunnell, Administrator of Marketing & Sales; Howard Roundy, Director of Information Technology.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending September 19, 2004 shows retail sales were up almost 12.8%, on-premise sales were down around 3%, off-premise sales were up 9.7%, and total aggregate sales were up 9.6%. The traffic count increased by 7,841, while the average sales ticket was up by \$2.15.

The W-1 Total Weekly Sales report for the same week confirms total sales were up almost 9.6% or \$634,684 over the same week last year, and were also up for the year by 7.6% or \$6,733,525. Weekly wine sales increased by 10.7% or \$323,468, and also increased 9.22% or \$3,566,903 for the year. Sales of spirits for the week were up 8.6% or \$311,216, as they were year-to-date by 6.28% or \$3,166,622.

##### **B. Budget/Administrative Reports:**

There was nothing of significance to report regarding gift cards or depletions and post-offs over the past week.

A Commission snow plow contract is on the Governor and Council agenda this morning, as is the new Keene store as a late item. The Attorney II position will be on the agenda for the October 6<sup>th</sup> meeting.

The elevator is presently out of order, which may have been damaged when a bottled water delivery was made. From now on, the elevator will not be used for freight of any kind. It did not pass inspection (due to a recent rule change), but there appears to be some uncertainty at the Department of Labor whether this rule changes applies to the type of elevator installed here. Craig will follow up with the DOL and Pine State Elevator until the issue is resolved.

The OIT budget issue is still unresolved, and discussions with OITM are continuing. Craig believes it will take a while for agencies to get a handle on this process. He has been keeping Howard Roundy informed of what is going on by e-mail while Howard is out of the office. Howard will probably discuss this with Rick Bailey tomorrow.

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 26% complete, with total agency expenditures at around 25.5%. The largest increases are in Class 50 and Benefits.

The three auditors have left headquarters with some comments which George will discuss with the Commission.

There was a presentation on the new state-wide ERP program, which will be voted on this week. A core general ledger package should be available in early 2005, which will save about \$15,000 per year.

George is working through OIT on the budget. The net profit at the end of the day will be impacted by what is happening over there (?) Commissioner Byrne said to make sure there is an off-balance sheet showing what the additions are (?) All information is due in by the end of the week. However, some agencies are still trying to get everything into the system. There is no schedule yet of when presentations will be made.

The new maintenance van will arrive here at headquarters at around 1:00 p.m. today.

2. IT Report

Tom reported that Licensing 2000 is on line and running. Some log-ins are not functioning, and there are a few printing issues. However, these problems should be alleviated shortly.

3. Human Resources Report

Evie met with Paula Booth of the Employee Assistance Program regarding providing sexual harassment and manager/supervisor training. There are also several other programs which can be utilized. Evie will contact Eddie Edwards relative to introducing Paula to the Enforcement staff. Paula will speak regarding sexual harassment and benefits available to employees at a kick-off meeting for store managers on October 21<sup>st</sup> at the Puritan Backroom in Manchester.

## II. MARKETING & SALES REPORT

### 1. Store Operations

Total store sales for the week ending 9/19/04 increased by 10.84% or \$557,699.09. The three newest stores, #28 Seabrook, #22 Brookline and #55 Bedford produced over \$900,000 combined year to date.

A meeting was held with Kent Fixtures regarding store shelving, and Peter expects to receive some price quotes shortly.

The Dolphin equipment will be introduced into Stores #1 and #72 in Concord today. In addition, Peter has a meeting scheduled today with representatives from the Department of Transportation regarding the flooring problems at Store #38 Portsmouth.

The Swanzey store relocation is scheduled to take place on Monday, October 4, 2004.

Commissioner Russell mentioned that Bob Whiting of the maintenance crew had reported to Tom Smith that there was deep water around the location for the new Keene store. The Commissioner visited the site, and said the only water she saw was under the new bridge.

### 2. Purchasing Report - No report given.

### 3. Merchandising Report

#### A. SPIRITS:

##### 1) Test Market Products:

##### a. Test Market Request (Glenmorangie Burgundy Single Malt):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation for a new test market listing for Glenmorangie 12-Year Old Burgundy Wood Finish Single Highland Malt Scotch Whiskey, 750ML size (assigned four-digit Code #2627), to be initially distributed to Cluster 1, 2 and 3 stores only, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Rob Roy Scotch):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distilleries for a new test market listing for Rob Roy Scotch, 1.75L size (assigned four-digit Code #2629), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Tortilla Silver):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distilleries for a new test market listing for Tortilla Silver, 1.75L size (assigned four-digit Code #3972), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (Coconut Jack Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distilleries for a new test market listing for Coconut Jack Rum, 750ML size (assigned four-digit Code #4210), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Results (Code #1692):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission delist Code #1692, Michters American Whiskey, 750ML size, as this product failed to achieve both the gross profit required for full distribution and the gross profit required for specialty status consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) November Special Offers (9 items – Pine State Trading Co.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading

Company, based upon special purchase allowances for nine (9) spirit items, to be featured on sale during November 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

**1) Proposed Wine Sale for January 2005:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commissioner approve the placement of all 750ML size wines on sale at 20% off on the purchase of 12 or more bottles during the proposed wine sale for January 2005, beginning January 3 through January 30, 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**2) Full Distribution Wines (Code #26426):**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution of Code #26426, Pommery Brut Royale, 750ML size, which has earned a gross profit of at least \$6,500.00 during a twelve-month period, the majority of which has been in the retail and on-premise markets, to be available for stores to order as needed, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**3) Special Offers for November 2004:**

**a. 13 items – Wineberries, Ltd.:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Wineberries, Ltd., based upon depletions of thirteen (13) wine items, to be featured during November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**b. 11 items – Perfecta Wine Company:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of eleven (11) wine items, to be featured during November 2004, as recommended by Nicole

Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 38 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions of thirty-eight (38) wine items, to be featured during November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 50 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions and special purchase allowances for fifty (50) wine items, to be featured during November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 137 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions and special purchase allowances for one hundred thirty-seven (137) wine items, to be featured during November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 65 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions and special purchase allowances for sixty-five (65) wine items, to be featured during November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- g. 5 items – Pine State Trading Co.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Wineberries, Ltd., based upon depletions and special purchase allowances for five (5) wine items, to be featured during November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- h. 3 items – Pine State Trading Co./E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Co./E & J Gallo Winery, based upon depletions of three (3) wine items, to be featured during November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- i. 10 items – Pine State Trading Co./E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Co./E & J Gallo Winery, based upon depletions and special purchase allowances for ten (10) wine items, to be featured during November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Primary Source Submissions:

- a. 6 primary source; 17 exclusive agent; 19 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of six (6) wine items which are from primary source, seventeen (17) wine items which are not from primary source, but are offered by the exclusive marketing agent, and nineteen (19) wine items which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 5 primary source; 10 exclusive agent; 6 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of five (5) wine items which are from primary source, ten (10) wine items which are not from primary source, but are offered by the exclusive marketing agent, and six (6) wine items which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 1 primary source; 12 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine item which is from primary source and twelve (12) wine items which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 5 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of five (5) wine items which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated September 16 through September 22, 2004. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:



a. October/November/December Allied Promotion:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits North America to conduct two promotions during the months of October, November and December 2004, one in conjunction with Code #2120, Canadian Club and Code #3423, Beefeater Gin, 1.75L sizes, and one in conjunction with Codes #5365 and #5364, Kahlua, 750ML and 1.75L sizes, Code #8112, Stolichnaya Vodka, 1.75L size and Code #5734, Malibu Rum, 1.75L size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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